



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

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June 5, 2014

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

This memorandum contains reports on the following:

- **Pursuit of County Position on Legislation**
  - **Pursuit of County Position to Support AB 1730 (Wagner).** This measure would enhance civil and criminal penalties for mortgage loan modification fraud violations. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals that increase protections for consumers against fraud, scams, and unfair or deceptive business practices, **the Sacramento advocates will support AB 1730.**
  - **Pursuit of County Position to Support AB 1743 (Ting).** This measure would authorize a pharmacist or physician to provide an unlimited number of hypodermic needles and syringes to a person 18 years of age or older, for personal use, until January 1, 2021. Therefore, unless otherwise directed by the Board, consistent with existing policies to support proposals to increase access to sexually transmitted disease prevention activities for individuals who are at highest risk, **the Sacramento advocates will support AB 1743.**

*"To Enrich Lives Through Effective And Caring Service"*

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- **Change in County Position on Legislation**

- **County-Supported AB 1102 (Allen and Quirk-Silva).** This measure relates to beach fire rings and the requirement to obtain Coastal Development Permits (CDP). The Department of Beaches and Harbors recommends clarifying amendments, to ensure that public agencies proposing to permanently remove or limit (i.e. restrict) the use of beach fire rings under their jurisdiction must first obtain a CDP, to exempt public agencies that need to perform maintenance/repairs to beach fire rings from adhering to this requirement. **Therefore, the Sacramento advocates will support AB 1102 and request amendments to address the concerns identified above.**

- **Status of County-Sponsored Legislation**

- **County-sponsored SB 827 (Liu)** - related to the County's Enhanced Homeowner's Notification Program, passed the Assembly Local Government Committee on June 4, 2014.

- **Status of County-Advocacy Legislation**

- **County-supported SJR 23 (Huff and De León)** - related to the Chinese Exclusion Laws, passed the Senate Floor on June 5, 2014.

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### **Pursuit of County Position on Legislation**

**AB 1730 (Wagner)**, which as amended on April 23, 2014, would give prosecutors the discretion to charge persons and/or entities who demand advance fees to purportedly assist with loan modifications, a violation of current law, with a felony rather than a misdemeanor. Additionally, the bill would subject violators to increased civil penalties, and includes additional penalties and protections for victims if they are seniors or persons with disabilities.

Current law prohibits a person who negotiates, arranges, or otherwise offers to perform a residential mortgage loan modification for compensation from demanding or receiving any compensation until every service that the person contracted to perform, or represented that he or she would perform, is accomplished. Existing law makes a violation of these provisions a misdemeanor punishable by a specified fine, imprisonment, or both.

AB 1730 would enhance civil and criminal penalties for violations of existing provisions regarding advance fees for loan modification services. Specifically, this measure would provide that:

- Violations can be punished as a felony, subject to 16 months, two or three years in county jail;
- Violators can be additionally subject to a civil penalty of \$20,000 for each violation brought by the Attorney General or a local prosecutor;
- If the victim is a disabled person or a senior citizen, then the perpetrator may be liable for additional civil penalties of \$2,500 per violation;
- A court, as necessary, may order restoration to a senior citizen or disabled person the money or property acquired by means of a violation; and
- Establish a four-year statute of limitations for actions brought pursuant to these provisions.

According to the author, mortgage loan modification fraud is a significant issue, especially for senior citizens, who struggle to pay increasing mortgage payments, and who have paid what little money they have in advance to individuals who claim to be able to help save their home by obtaining a loan modification. Often, these individuals keep the money, but abandon the homeowners resulting in the property being sold at foreclosure.

The Department of Consumer Affairs (DCA) indicates that the Department receives a significant number of complaints regarding loan modification fraud for investigation and referral to policing and prosecutorial agencies. DCA reports that in 2013 alone they investigated 192 foreclosure fraud cases. They note that senior citizens, in particular, fall prey to individuals who collect illegal up-front fees before performing a loan modification. For example, in recent cases, senior citizens have paid illegal up-front fees averaging \$3,000 for promised loan modifications which never happened. DCA's investigators report several repeat cases against the same company, which were referred to the California Attorney General's office. The Attorney General investigated and filed a civil lawsuit against the company seeking \$2.5 million in penalties. DCA indicates that AB 1730 would provide for more stringent consequences for those who engage in fraudulent or illegal loan modification transactions. In addition, DCA notes that it is common that when violators are prosecuted, they are required to make monetary restitution; however, the properties are not restored to the original owners.

This forces the owners, who are often low-to-moderate-income seniors or disabled persons, to bring costly court actions to restore title to the property. AB 1730 would allow a court to order the restoration of property to defrauded senior citizens or disabled persons.

AB 1730 would assist prosecutors to bring more serious penalties against loan modification fraud perpetrators, and would better demonstrate that these crimes are subject to serious consequences. This office and the Department of Consumer Affairs support AB 1730. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals that increase protections for consumers against fraud, scams, and unfair or deceptive business practices, **the Sacramento advocates will support AB 1730.**

AB 1730 is supported by the California District Attorneys Association and Taxpayers for Improving Public Safety. There is no registered opposition of file.

AB 1730 is in the Senate pending referral to a policy committee.

**AB 1743 (Ting)**, which as amended on May 27, 2014, would: 1) delete the existing January 1, 2015 sunset date that currently authorizes a pharmacist or physician to offer a person 18 years of age or older up to 30 hypodermic needles; and 2) instead, authorize a pharmacist or physician to provide an unlimited number of hypodermic needles and syringes to a person 18 years of age or older without a prescription/license and for personal use. This provision would sunset on January 1, 2021. The authorization provided under AB 1743 is intended to prevent the transmission and subsequent infection of Human Immunodeficiency Virus (HIV), viral hepatitis, and other blood-borne diseases among users of hypodermic needles/syringes, sexual partners, newborn children, and others.

Under existing law, pharmacists and physicians are authorized to provide, without a prescription or license, a maximum of 30 hypodermic needles and syringes to a person 18 years of age or older solely for personal use. Pharmacies that furnish non-prescription hypodermic needles and syringes are required to provide safe collection and disposal options for used materials. These provisions are scheduled to sunset on January 1, 2015.

According to the author of AB 1743, the intent of the bill is to: 1) improve access to hypodermic needles and syringes; 2) remove barriers for persons seeking to protect their health and the health of others; and 3) remove barriers for programs and businesses to provide sterile injection equipment and education, thereby reducing the spread of communicable diseases and protecting public health.

The Department of Public Health indicates that increased access to syringes, which has been researched and is a recognized public health intervention, is associated with a reduced frequency in the sharing of needles and risk for infection of HIV, hepatitis, and other blood-borne diseases. DPH further notes that in addition to a variety of other factors, a limitation on the availability of sterile syringes has the potential to result in a resurgence of these diseases and may result in the need for additional staff and/or resources to address any potential increased workload resulting from the resurgence. Finally, DPH notes that with the passage of AB 1743 and the resulting broader availability of hypodermic needles and syringes, DPH may reallocate their own resources for other purposes.

This office and the Department of Public Health support AB 1743. Therefore, unless otherwise directed by the Board, consistent with existing policies to support proposals and funding to increase access to sexually transmitted disease prevention, screening, treatment, and surveillance activities for individuals who are at highest risk, **the Sacramento advocates will support AB 1743.**

AB 1743 is sponsored by the Drug Policy Alliance and San Francisco AIDS Foundation and supported by: AIDS Foundation of Chicago; American Civil Liberties Union of California; California Nurses Association; California Pharmacists Association; County Alcohol and Drug Program Administrators Association of California; L.A. Gay & Lesbian Center; San Francisco HIV/AIDS Provider Network; and Tarzana Treatment Centers, among others. AB 1743 is opposed by the California Narcotic Officers Association and the California Police Chiefs Association.

AB 1743 is scheduled to be heard in the Senate Health Committee on June 11, 2014.

### **Change in Pursuit of County Position on Legislation**

**County-supported AB 1102**, which as amended on January 17, 2014, would make inoperative the South Coast Air Quality Management District's (SCAQMD) adopted open burning rule that restricts the use or location of a beach fire ring until a public agency with jurisdiction over the area obtains and implements an approved coastal development permit (CDP) from the California Coastal Commission. Further, AB 1102 would: 1) require a public agency to take all of the necessary steps to ensure that a CDP is obtained no more than two years after the enactment of the SCAQMD's open burning rule; 2) subject removing or restricting the use of a beach fire ring to the requirements of the California Coastal Act; and 3) require the application for a CDP to remove or restrict the use of a beach fire ring to include specified information, among other provisions.

The Department of Beaches and Harbors (DBH) has indicated that AB 1102 will have an operational impact on the Department, as the fire rings located at Dockweiler Beach and maintained by DBH are, at times, removed and/or replaced for maintenance or operational purposes. Having to first obtain a CDP prior to performing these routine maintenance activities may result in an administrative and operational burden on the Department and may lead to significant maintenance and repair delays depending on the amount of time taken by the California Coastal Commission to issue the permit.

To address these concerns, DBH requests clarifying amendments, such as defining the terms “restriction” and “removal,” be included in AB 1102. These amendments will ensure that public agencies proposing to permanently remove or limit (i.e. restrict) the use of beach fire rings under their jurisdiction must first obtain a CDP, while exempting public agencies that need to perform maintenance/repairs to beach fire rings from adhering to this requirement. As defined, public agencies unable to maintain beach fire rings as a result of funding/staffing losses, financial liability concerns, and/or that seek to replace existing beach fire rings would be exempt from having to obtain a permit.

**Therefore, the Sacramento advocates will support AB 1102 and request amendments to address the concerns identified above.**

AB 1102 passed the Senate Environmental Quality Committee, with committee amendments which do not include any of the amendments offered by the County, by a vote of 4 to 2 on June 4, 2014. This measure now proceeds to the Senate Natural Resources and Water Committee.

#### **Status of County-Sponsored Legislation**

**County-sponsored SB 827 (Liu)**, which as amended on April 8, 2014, would extend to January 1, 2020, the authorization contained in **County-sponsored SB 62 of 2011**, which allows Los Angeles County to send notifications to occupants of a residential property when a notice of default or of sale has been recorded on that residence and provides for related counseling and assistance, passed the Assembly Local Government Committee by a vote of 7 to 1 on June 4, 2014. This measure now proceeds to the Assembly Judiciary Committee.

#### **Status of County-Advocacy Legislation**

**County-supported SJR 23 (Huff and De León)**, which as amended on May 22, 2014, would request the United States Congress to adopt resolutions of apology to the Chinese community for the enactment of the Chinese Exclusion Laws, passed the

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Senate Floor by a vote of 32 to 0 on June 5, 2014. This measure now proceeds to the Assembly.

We will continue to keep you advised.

WTF:RA  
MR:VE:IGEA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants